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GOVERNMENT OF PUNJAB
DEPARTMENT OF INDUSTRIES AND COMMERCE
(Industries Branch)
NOTIFICATION
The 3rd July, 2025

Endst. No. IND-INDUOMISC/464.- The Council of Ministers in its meeting held on 21.06.2025 has considered the policy for Fragmentation/Subdivision of Industrial Plots in PSIEC managed Industrial Estate and approved the same as here under:-

**POLICY FOR FRAGMENTATION/SUB-DIVISION OF INDUSTRIAL PLOTS IN PSIEC
MANAGED INDUSTRIAL ESTATES**

1. Objective

To formulate a comprehensive and progressive policy for fragmentation/ sub-division of industrial plots located in PSIEC Estates. This policy aims to promote industrial growth particularly in IT and service sectors, through planned land use while also preventing infrastructure overload and misuse of sub-divided plots.

2. Scope of Policy

This policy shall apply to all PSIEC Plots located in various Focal Points, Growth Centres, Industrial Estates, Industrial Parks, and Industrial Areas seeking fragmentation/ sub-division of their plots. It covers developed, semi-developed, and internally undeveloped land and is prospective, applying only to applications submitted post-notification.

3. Definitions

- a) PSIEC Plots: Industrial plots falling under jurisdiction of PSIEC including plots of PICTC (Punjab Infotech), Directorate of Industries and PSIDC notified to be transferred to PSIEC under 22.12.2017 and 27.11.2020 notifications and any other plots notified to be transferred to PSIEC from time to time (hereinafter PSIEC Plots) except sheds.
- b) Fragmentation/ Sub-division: The division of an industrial plot into two or more smaller plots.

- c) **Competent Authority:** Additional Managing Director, PSIEC shall be the Competent Authority to approve all fragmentation/ sub-division proposals under this policy.
- d) **Current Reserve Price:** The prevailing reserve price in respective PSIEC Plots, as determined by PSIEC from time to time.
- e) **Original Plot:** The industrial plot for which fragmentation/ sub-division is sought by its allottee.
- f) **Sub-divided plot:** The industrial plots after fragmentation/ sub-division is permitted by the Competent Authority.
- g) **Family:** Includes father, mother, wife, husband, son, brother, sister, daughter, grandson and granddaughter.

4. Eligibility Criteria

To ensure viability, infrastructure sustainability, and compliance with zoning regulations, the following eligibility criteria shall apply:

a) Minimum Plot Size:

- (i) Only industrial plots measuring 1,000 square yards or above are eligible to apply for fragmentation/ sub-division under this policy.

b) Minimum Sub-divided Plot Size:

- (i) Each sub-divided plot must be at least 400 square yards to ensure practical utility and compliance with zoning norms.

c) Minimum Road Width:

- (i) The original plot shall abut a road i.e. have an access road with a minimum width of 40 feet for all sizes of plots sought to be sub-divided under this policy. However, internal road width, if any, will be as per PSIEC's planning parameters.

d) Shape Ratio (Width : Depth):

- (i) Subdivided plots shall maintain a width-to-depth ratio not exceeding 1:3 (e.g., a plot with a 30-foot frontage should not exceed 90 feet in depth) to ensure practical layouts and adequate setbacks.

e) Ownership:

- (i) Fragmentation shall be permitted only for freehold plots after execution of conveyance deed or sale deed, as the case may be, where all dues/ sale consideration has been paid by existing allottee to PSIEC/ State of Punjab.

f) Zoning Compliance:

- (i) The proposed sub-division plan must comply with PSIEC's zoning regulations duly issued by Competent Authority, building bye-laws, and approved layout plans; as amended from time to time.

5. Financial Terms

a) Fragmentation/ Sub-division Fee:

- (i) Fragmentation/ Sub-division fee shall be equivalent to 5% of the Current Reserve Price of the total area of the original plot. The revenue so collected as sub-division fee shall be shared in the ratio of 40:60 between the State Government and PSIEC, respectively.

- (ii) For fragmentation among family members/ legal heirs of a deceased allottee, the Fragmentation/ Sub-division fee shall be 50% of the above fee.

b) Processing Fee:

- (i) A non-refundable processing fee of ₹10,000/- must be paid with the application via online payment.

c) Extension Fee:

- (i) If internal development works are not completed within the stipulated time (as per Clause 7b of this policy), an extension fee @ 1% per year of the current reserve price of the original plot, shall be charged until completion.

d) Additional FAR Fee: 10% of current reserve price shall be charged on the Additional FAR; where

Additional FAR = Total permissible covered area of all fragmented plots – Total permissible covered area of original plot.

For Example - In case of 5000 square yard plot, total permissible covered area is 7500 square yard (Calculated as the said plot area has 1.5 FAR) whereas total permissible covered area of 5 plots of 1000 square yard will be 8500 square yard (as FAR of 1000 square yard plot is 1.7). So, this fee will be $8500 - 7500 = 1000$ multiply by 10% of the current reserve price shall be Additional FAR fee.

Provided that Additional FAR for IT/ITES shall be permissible as per existing policy of PSIEC, as amended from time to time.

6. Procedural Requirements

a) Application Submission:

- (i) Applications must be submitted to the Functional Head (Estate) PSIEC, on the standard Application Form (Annexure A) and as per Checklist (Annexure B).
- (ii) Required documents shall include ownership proof, payment status, proposed zoning map, processing fee receipt, and an undertaking in compliance with the policy.

b) Scrutiny Committee:

A Scrutiny Committee, headed by the ED/ Functional Head, Estate Wing will review applications. The committee shall include:

- 1) Functional Head, Engineering Wing
- 2) Functional Head, Planning Wing
- 3) Functional Head, Finance Wing
- 4) Functional Head, Legal Wing
- 5) Special invitee(s), if required
- 6) Concerned Estate Officer (Convenor)

The committee shall assess the proposed subdivision plan for technical feasibility, infrastructure impact and compliance with policy provisions and submit its recommendations to the Competent Authority within 30 days of receipt of complete application alongwith requisite fee.

- c) Post fragmentation of a plot, for all intents and purposes, the sub-divided plots shall be considered as separate allotments and the said plots shall be assigned separate numbers.
- d) Competent Authority: Approval for fragmentation/ sub-division shall be granted by the Additional Managing Director for all size of plots.
- e) Infrastructure and Zoning:
 - (i) The allottee must submit a revised zoning plan, approved by PSIEC's Planning Wing, ensuring compliance with minimum road widths, shape ratios, and setbacks.
 - (ii) Access to subdivided plots must be through roads owned by PSIEC. If utilities (e.g., feeder lines, drainage) from other agencies are used, permission and applicable user charges are the allottee's responsibility.

7. Obligations of the Owner/ purchaser:

a) Internal Development Works: (If applicable)

- (i) The owner/ purchaser of plot shall be solely responsible for executing internal development works within the subdivided plot, wherever required, (roads, water supply, storm drainage, sewerage, landscaping, streetlights, etc.) as per the approved sub-division plan, at their own cost and risk.
- (ii) All internal development works must comply with PSIEC's specifications/ zoning requirements and approved sub-division plan.

b) Timelines for Completion Internal Development, if required:

- (i) Internal Development works must be completed within:
 - 1) 12 months for plots up to 1 acre.
 - 2) 18 months for plots above 1 acre to 10 acres.
 - 3) 24 months for plots above 10 acres.

Provided that failure to meet deadlines shall incur an extension fee given in Clause 5c of this Policy.

c) Undertaking:

- (i) The owner/ purchaser of plot shall submit an affidavit/ undertaking to complete internal development works as per the approved plan and adherence to timelines given above.
- (ii) Allottee shall undertake to clear arrears of statutory dues, which he shall be liable to pay the same jointly and severally.

d) Completion Certificate:

- (i) A consolidated completion report shall be issued by the Chief Engineer of PSIEC after inspection and verification of development works against the approved plan, duly mentioning the applicable date of completion of internal development works.

e) Third-party verification of infrastructure works, empanelled by PSIEC, is mandatory, with cost to be borne by the allottee.

f) Common Areas and Facilities:

- (i) Common areas/ facilities, wherever applicable (e.g., roads, pumping stations, electric substations, STPs, CETPs, etc.) cannot be sold or

transferred and must be developed and maintained by the allottee at their cost until surrendered to PSIEC or the concerned authority.

- (ii) Post-surrender, PSIEC or the concerned authority shall handle maintenance of common areas/ facilities. PSIEC reserves the right to levy maintenance charges for the same upon approval from Government.

g) Compliance with Regulations:

- (i) The owner (Applicant) must obtain all necessary clearances, permits, and licenses from relevant government departments or local bodies. They shall be liable to pay all applicable charges of relevant government departments or local bodies in order to implement their projects. PSIEC shall not be in any way responsible for any delay in grant of any permissions or approvals by any other authority.
- (ii) Construction on sub-divided plots must adhere to PSIEC's zoning regulations and building bye-laws, with building plans approved by the competent authority as provided in existing rules/guidelines amended from time to time.
- (ii) The fragmentation/ subdivided plot shall be used for industrial purpose only or as per applicable policies of the Government, as amended from time to time.

h) Commercial Production:

- (i) Owner/ purchaser of sub-divided plots shall commence commercial production on the sub-divided plots within a period of 3 (three) years from the date of issuance of completion certificate, if applicable/issuance of approval of sub division as the case may be; or as provided in existing law/guidelines amended from time to time. Extension fee shall be chargeable as per prevalent policy of PSIEC applicable for fresh allotment of plots.

8. Applicability of laws/ regulations of Department of Housing & Urban Development , Punjab:

In addition, fragmentation/sub-division of industrial plots allotted by PSIEC has been exempted under Punjab Apartment and Property Regulation Act, 1995 (Punjab Act No. 14 of 1995) vide notification No. 13/05/25-6Hg2/695 dated: 02.07.2025 of Department of Housing and Urban Development, Punjab as under:

Whereas the Department of Industries and Commerce, Punjab has formulated a policy for fragmentation/sub-division of industrial plots allotted by PSIEC. In order to promote industry in the State of Punjab, the Governor of Punjab, exercising the powers vested under section 44(2) of Punjab Apartment and Property Regulation Act, 1995 (Punjab Act No. 14 of 1995), is pleased to exempt fragmentation/sub-division of industrial plots allotted by Govt. agency/ PSIEC from the provisions of PAPRA, 1995 related to license whereas all other regulatory and punitive provisions (section 6 to 20, section 32 & section 36 to 39) of the Act shall be applicable in toto. This exemption shall be subject to following terms and conditions: -

1. Once the fragmentation/sub-division is permitted by the Competent Authority of PSIEC, the allottee shall be bound to get the zoning plan and

building plan approved from the Competent Authority of PSIEC. Whereas, PSIEC shall ensure that revision of Layout Plan of the Industrial Estate is approved before the grant of approval of zoning plan and building plan of the sub-divided/fragmented such industrial plot(s).

2. The allottee/transferees shall be bound to comply with the provisions of The Punjab Regional and Town Planning and Development Act, 1995.
3. The allottee/transferees shall be bound to comply with the provisions or Real Estate (Regulations and Development) Act, 2016.
4. CGM(Planning)/Functional Head (Planning), PSIEC shall be the Competent Authority for taking regulatory measures under PAPR Act, 1995 and PRTPD Act, 1995.

9. General Conditions:

a) Breach of Policy:

- (i) In case of non-compliance with policy provisions or terms of fragmentation approval, PSIEC may issue a 30-day Show Cause Notice to rectify the breach.
- (ii) Failure to rectify may result in, if necessary, cancellation of allotment after withdrawal of permission of fragmentation/ sub-division and PSIEC shall be at liberty not only to forfeit all the dues paid by the allottees but also shall have the right to put the fragmented plot to auction/ sale and re-allot the same.

b) Repeal and Saving Clause:

- (i) Protection of Past Actions: All past previous permissions allowing fragmentation/ bifurcation and related actions by PSIEC are deemed to be valid and saved subject to the condition that beneficiaries under the previous policies have complied with all the terms and conditions imposed while allowing such fragmentation/ bifurcation etc. This however, will not impact the interest of the plot holders, who could not comply with the terms and conditions imposed under the previous policies on account of interim orders passed by a competent Court of Law or any other Competent Authority as per law.
- (ii) Non-Retrospective Application: This policy applies only to applications submitted post-notification.
- (iii) Allottees/ Transferees/ Owners/ Purchasers who have already been granted permission for sub-division/ Fragmentation/ bifurcation of their industrial plots by PSIEC under its previous policy decisions taken by its Board of Directors on 08.02.2005 read with policy decisions dated 26.03.2021, shall continue to be governed by the respective terms and conditions of their permission/ transfer/ permission to sale letters already issued by PSIEC.
- (iv) All prior policies on fragmentation/ bifurcation stand superseded prospectively upon notification of this policy, but actions taken under previous policies are protected.

- c) Purchasers of sub-divided plots shall be liable to pay land cost enhancements as awarded by Court of Law as per extant policy of PSIEC.

- d)** In case, the owner/ purchaser of the plot fails to clear the dues of PSIEC viz. extension fee, land cost enhancement, etc., then besides and in addition to the right of PSIEC to cancel the allotment, the outstanding dues shall be liable to be recovered as arrears of land revenue or as per existing rules/ guidelines of recovery of dues and recoverable as such under law from the owner/purchaser of the plot.
- e)** Apart from the above-mentioned conditions, the provision of services to fragmented plot/plots shall be governed by the existing/prevailing policies/guidelines/rules of PSIEC, as amended from time to time.
- f)** (i) In case of death of allottee, plot would be required to be transferred in the name of legal heirs as per extant PSIEC policy Thereafter, draft policy for fragmentation would be applicable.
(ii) In case of death of allottee pending application for fragmentation, and if there are multiple legal heirs and the parties are engaged in litigation, no objection for permission to sub-divide the plot in the form of affidavit should be obtained from all the legal heirs and/ or where any interim order has been passed by any Court of competent jurisdiction, permission to sub-divide the plot should be after seeking prior permission of the Hon'ble Court.

g) Appeals:

Applicants may appeal against rejections OR any other decision related to application for fragmentation to the Managing Director, PSIEC within 90 days, whose decision shall be final and binding on the Applicant and PSIEC.

h) Amendments:

Chief Minister, Punjab shall be empowered to amend the provisions of this policy after receiving such references from the Board of Directors of PSIEC. However, any amendments to the SOP, checklist and timelines shall be approved at the level of Board of Directors of PSIEC and the Allottees shall be bound by such amendments.

Sd/-

KAMAL KISHOR YADAV, IAS

Administrative Secretary to Govt. of Punjab
Department of Industries & Commerce.

Chandigarh
The 3rd July, 2025

Standard Operating Procedure (SOP)

The following SOP ensures timely, transparent, and consistent processing of fragmentation applications:

Step 1: Submission of Application

- Submit the Application Form (Annexure A) and Checklist (Annexure B) with required documents to the concerned PSIEC Estate Office.
- Pay a non-refundable processing fee of ₹10,000 via demand draft or online payment.

Step 2: Initial Scrutiny (3 Working Days)

- The Estate Officer shall verify:
 - o Completeness of the application as per the checklist.
 - o Eligibility criteria (plot size, road width, dues clearance).
 - o Incomplete or non-compliant applications are returned with reasons for rejection. Applicants may resubmit after addressing deficiencies.

Step 3: Detailed Evaluation (10 Working Days)

- The Estate Office shall verify:
 - o Ownership, payment status, legal status, and infrastructure feasibility.
 - o Compliance with zoning regulations and proposed subdivision plan.
- If issues (e.g., legal disputes, infrastructure constraints, objections) arise, the applicant is notified with reasons and may resubmit after resolution.

Step 4: Scrutiny Committee Review (5 Working Days)

- The Scrutiny Committee reviews the application, assesses technical feasibility, and submits recommendations to the Competent Authority.

Step 5: Final Approval (3 Working Days)

- The Competent Authority approves or rejects the application based on the committee's recommendations.
- Upon approval, a formal order is issued, PSIEC records are updated, and revised allotment letters for subdivided plots are issued.
- Total processing time (excluding applicant response time): 21 working days (3 + 10 + 5 + 3).

Step 6: Post-Approval Compliance

- The allottee must:
 - o Pay the fragmentation fee.
 - o Complete internal development works as per the approved plan and timeline.
 - o Remove encroachments and comply with zoning plans.
- PSIEC shall monitor compliance and update estate/ planning/ engineering records.

Application Form for Fragmentation/ Sub-Division (Annexure A)
PUNJAB SMALL INDUSTRIES AND EXPORT CORPORATION (PSIEC)
APPLICATION FORM FOR FRAGMENTATION/ SUBDIVISION OF
INDUSTRIAL PLOT

1. Applicant Details:

- Name: _____
- Address: _____
- Contact Number: _____
- Email: _____

2. Plot Details:

- Plot Number: _____
- Estate Name: _____
- Plot Size (sq. yards): _____
- Road Width Abutting Plot (feet): _____
- Ownership Document Reference: _____

3. Proposed Fragmentation Details:

- Number of Subdivided Plots: _____
- Size of Each Subdivided Plot (sq. yards): _____
- Width: Depth Ratio of Each Subdivided Plot: _____
- Attach Proposed Zoning Map (mandatory).

4. Financial Details:

- Processing Fee Paid (₹10,000): Yes/No
- Mode of Payment: Demand Draft/Online
- Demand Draft No./Transaction ID: _____
- Date of Payment: _____

5. Declaration:

- I/We certify that the information provided is true and correct. I/We undertake to comply with all conditions of the PSIEC Fragmentation Policy, pay all applicable fees, and complete internal development works as per the approved plan. I/We understand that any false information may lead to rejection or cancellation of the application.

Signature: _____

Name: _____

Date: _____

Documents to be Attached: As per Checklist (Annexure B)

CHECKLIST FOR FRAGMENTATION/ SUBDIVISION OF INDUSTRIAL PLOT

Applicants must submit the following documents with the Application Form. Incomplete applications will be returned.

1. Ownership Proof:

- Copy of Allotment Letter/ Lease Deed/ Conveyance Deed/ Sale Deed.
- Proof of valid title/ownership (e.g., registered sale deed, if applicable).

2. Payment Status:

- Certificate from PSIEC confirming that the plot is fully paid as on date of submitting application for sub-division.

3. Plot Status:

- Affidavit declaring no legal implications/ cases pending against the plot (e.g., litigation, vigilance inquiry).

4. Maps and Plans:

- Existing plot map (certified by a licensed architect/ engineer).
- Proposed zoning map for fragmented plots, showing dimensions, shape ratio, setbacks, and infrastructure layout.

5. Processing Fee:

- Proof of payment of ₹10,000 (demand draft or online transaction receipt).

6. Additional Documents:

- Authorisation letter/ resolution if the application is submitted by a representative.
- Undertaking (affidavit) to complete internal development works as per the approved plan and timeline.
- No-objection certificate from co-owners, if applicable.
- Infrastructure feasibility certificate (to be obtained from PSIEC post-submission, if required).

Note: All documents must be self-attested. Originals may be required for verification at the Estate Office, PSIEC.